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CONSUMERS ILLINOIS WATER COMPANY

Informational Statement under Section 6-102(d))
regarding issuance and sale of \$12,800,000 of)
indebtedness)

02-0663

INFORMATIONAL STATEMENT

TO THE ILLINOIS COMMERCE COMMISSION:

Consumers Illinois Water Company (the "Company") states as follows:

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Illinois with its principal office in Kankakee, Illinois. The Company is a public utility within the meaning of Section 3-105 of the Illinois Public Utilities Act, as amended (the "Act"). The Company furnishes water utility service to the public in the following areas: Kankakee, Bradley, Bourbonnais, and adjoining territory in Kankakee County; Vermilion County in and around the City of Danville; Oak Run subdivision in Knox County; Candlewick Lake subdivision in Boone County; Woodhaven Lakes subdivision in Lee County; portions of Crete Township (Willowbrook) in Will County; and the Village of University Park, portions of the Village of Monee and portions of Crete and Monee Townships and vicinity in Will County (the "University Park area"). The Company supplies water at wholesale to the City of Westville Water District and the City of Catlin Water District. The Company also furnishes sanitary sewer utility service in the Woodhaven Lakes subdivision, the Candlewick Lake subdivision, Willowbrook and the University Park area.

2. All of the issued and outstanding shares of common stock of Consumers are owned by Consumers Water Company ("CWC") and all outstanding securities of CWC are owned by Philadelphia Suburban Corporation ("Philadelphia Suburban").

3. The Company proposes, subject to the approval of the Commission under Section 6-102 of the Act, to issue and sell or incur in one or more transactions indebtedness in the form of loan obligations to one or more governmental bodies or political subdivisions of the State of Illinois, including without limitation the Illinois Development Finance Authority (collectively, the "Governmental Issuer") in connection with the issuance by the Governmental Issuer of one or more series of tax-exempt water facility revenue bonds (the "Bonds") for the benefit of the Company, such loan obligations to be secured by First Mortgage Bonds (the "First Mortgage Bonds") of the Company. The maximum aggregate amount of Bonds and First Mortgage Bonds will not exceed \$12,800,000

4. The purpose of issuing the Bonds is to provide funds to refund the outstanding \$2,800,000 Illinois Development Finance Authority 6.00% Water Facilities Revenue Refunding Bonds (Consumers Illinois Water Company) Series 1995A and \$10,000,000 Illinois Development Finance Authority 6.10% Water Facilities Revenue Refunding Bonds (Consumers Illinois Water Company) Series 1995B (collectively, the "1995 Bonds") issued for the benefit of the Company and approved in Docket 95-0266. The 1995 Bonds are subject to redemption at the option of the Company commencing September 1, 2002 at a redemption price of 102% of principal amount plus accrued interest. The redemption price declines to 101% on and after September 1, 2003 and to 100% on and after September 1, 2004. The purpose of the refunding would be to take advantage of lower market interest rates. The Company would consider the

refunding when the present value of expected interest savings exceeds the cost of refunding, including payment of any required prepayment premium.

5. The purpose of the issuance of the Bonds and First Mortgage Bonds is 100% for the purpose of refunding existing indebtedness of the Company. Accordingly, the provisions of Section 6-102(b) do not apply to the issuance and the provisions of Section 6-102(d) do apply.

6. The terms of the Bonds, including without limitation, series designation, maturity, interest rate, interest payment dates, redemption or repurchase terms and other features, will be determined at the time of sale based on prevailing market conditions.

7. The issuance of Bonds is contemplated to occur at any time on or after October 25, 2002 but prior to December 31, 2003.

8. In connection with the issuance of the Bonds, the Company will execute and deliver one or more Supplemental Indentures (each a "Supplemental Indenture"), each for the purpose of supplementing and amending the Company's Mortgage and Deed of Trust dated as of June 1, 1939, as amended (the "Mortgage"), between the Company and Wachovia Bank, National Association, successor trustee (the "Trustee") and creating an additional series of First Mortgage Bonds to be issued by Company thereunder. Each Supplemental Indenture will create an additional series of the Company's First Mortgage Bonds to secure the Company's obligations with respect to a corresponding series of Bonds to be issued by a Governmental Issuer. The Governmental Issuer will lend or make available the proceeds of each series of Bonds to the Company pursuant to a loan agreement or similar instrument (the "Loan Agreement") between the Company and the Governmental Issuer. It is intended that Company's payments required for principal, interest and redemption of each series of First Mortgage Bonds and under each Loan Agreement shall be sufficient to pay the interest on and to redeem or pay at maturity the

corresponding series of Bonds. Although the Governmental Issuer will be the issuer of the Bonds, as required to exempt the interest on such Bonds from federal and/or state income taxation, neither the credit of the Governmental Issuer nor that of the State of Illinois will be pledged for the payment of the Bonds. The Governmental Issuer's right, title and interest in the applicable series of First Mortgage Bonds and the Loan Agreement will be pledged and assigned to a trustee to be selected by the Company (the "Bond Trustee") under one or more Indentures (each a "Bond Indenture") pursuant to which each series of the Bonds will be issued. The Governmental Issuer's right, title and interest in the applicable series of First Mortgage Bonds and the Loan Agreement so assigned shall constitute security for the payment of the Bonds and the interest and the redemption premium, if any, thereon.

9. At the request of Company, the Governmental Issuer will issue and sell for cash each series of Bonds (i) to one or more underwriters (each an "Underwriter") pursuant to a public offering of the Governmental Bonds or (ii) pursuant to a private placement to one or more institutional investors or other purchasers (each a "Purchaser"). In connection with any public offering, the Company, the Governmental Issuer and the Underwriter will enter into a bond purchase agreement or underwriting agreement whereby the Underwriter will agree to purchase the Governmental Bonds and reoffer such Governmental Bonds to the public. In connection with a private placement, the Company, the Governmental Issuer and the Purchaser will enter into a purchase agreement or similar contract. The terms of the underwriting or placement of the Bonds will be negotiated between the Company and the Underwriter or Purchaser.

10. If the Company can obtain a bond insurance policy at a cost which will result in debt service on any series of Bonds, on a present value basis, being less than the debt service on such Bonds without such bond insurance policy, the Company would purchase such a policy, in

which event the policy premium will be paid by the Company as an expense of the offering. Such a policy would constitute a guaranty by the issuer of the bond insurance (the "Bond Insurer") of payments of principal and interest on the applicable Bonds. In connection with any bond insurance, the Company may enter into an insurance agreement or reimbursement agreement with the Bond Insurer obligating the Company to reimburse the Bond Insurer for any amounts paid by the Bond Insurer on the Company's Bonds and including any covenants of the Company or conditions required by such Bond Insurer.

11. The Company will not enter into any agreement in connection with the Bonds with any party that is an "affiliated interest" of the Company within the meaning of Section 7-101 of the Act unless it seeks and obtains all necessary further approvals from the Commission.

12. No fee is required to be paid under Section 6-108 of the Act with respect to the Bonds because a fee was paid in connection with the Series 1995 Bonds (or indebtedness refunded thereby) of equal principal amount.

13. The Company requests that the Commission find that this Informational Statement complies with the requirements of Section 6-102(d) of the Act and that the Commission enter an order pursuant to that Section and Section 6-102(a) authorizing the issuance of not to exceed \$12,800,000 of Bonds and First Mortgage Bonds. The Company further requests that the Commission find that the issuance of the Bonds is reasonably required for the purpose of refunding the Series 1995 Bonds.

Dated: October 4, 2002

CONSUMERS ILLINOIS WATER
COMPANY

By: 

Kathy L. Pape, Treasurer

Attorneys for the Company:

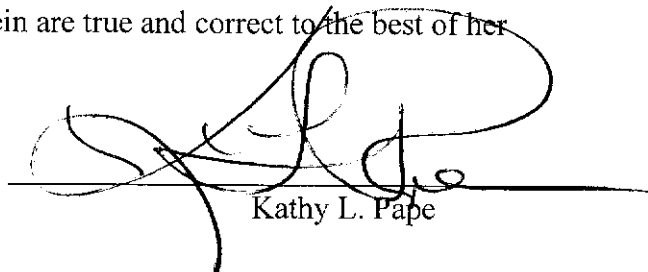
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VERIFICATION

Kathy L. Pape, Treasurer of Consumers Illinois Water Company, being first duly sworn, states that (1) she has read the foregoing Informational Statement; (2) she is familiar with the facts stated therein; and (3) the facts stated therein are true and correct to the best of her knowledge.


Kathy L. Pape

SUBSCRIBED AND SWORN TO before
me this 10th day of October, 2002.


Notary Public

